

# Senate Amendment 3379

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1 1 Amend Senate File 458 as follows:  
1 2 #1. Page 21, by inserting after line 26 the  
1 3 following:  
1 4 \_\_\_\_\_. Section 12D.1, unnumbered paragraph 1,  
1 5 Code 2003, is amended to read as follows:  
1 6 The general assembly finds that the general welfare  
1 7 and well-being of the state are directly related to  
1 8 educational levels and skills of the citizens of the  
1 9 state, and that a vital and valid public purpose is  
1 10 served by the creation and implementation of programs  
1 11 which encourage and make possible the attainment of  
1 12 higher education by the greatest number of citizens of  
1 13 the state. The state has limited resources to provide  
1 14 additional programs for higher education funding and  
1 15 the continued operation and maintenance of the state's  
1 16 public institutions of higher education and the  
1 17 general welfare of the citizens of the state will be  
1 18 enhanced by establishing a program which allows  
1 19 citizens of the state to invest money in a public  
1 20 trust for future application to the payment of higher  
1 21 education costs. The creation of the means of  
1 22 encouragement for citizens to invest in such a program  
1 23 represents the carrying out of a vital and valid  
1 24 public purpose. In order to make available to the  
1 25 citizens of the state an opportunity to fund future  
1 26 higher education needs, it is necessary that a public  
1 27 trust be established in which moneys may be invested  
1 28 for future educational use. ~~It is also necessary to~~  
~~1 29 establish an endowment fund which may be funded with~~  
~~1 30 public funds, among other sources, the income from~~  
~~1 31 which will be made available to participants in the~~  
~~1 32 trust to enhance their savings invested for the~~  
~~1 33 payment of future higher education costs.~~  
1 34 Sec. \_\_\_\_\_. Section 12D.1, subsections 5 and 13,  
1 35 Code 2003, are amended by striking the subsections.  
1 36 Sec. \_\_\_\_\_. Section 12D.2, subsections 4, 8, 10, 11,  
1 37 and 12, Code 2003, are amended to read as follows:  
1 38 4. Accept any grants, gifts, legislative  
1 39 appropriations, and other moneys from the state, any  
1 40 unit of federal, state, or local government, or any  
1 41 other person, firm, partnership, or corporation which  
1 42 the treasurer of state shall deposit into the  
1 43 administrative fund, ~~the endowment fund, or the~~  
1 44 program fund.  
~~1 45 8. Solicit and accept for the benefit of the~~  
~~1 46 endowment fund gifts, grants, and other moneys,~~  
~~1 47 including legislative appropriations and grants from~~  
~~1 48 any federal, state, or local governmental agency.~~  
1 49 10. Make payments to institutions of higher  
1 50 education, participants, or beneficiaries pursuant to  
2 1 participation agreements on behalf of beneficiaries.  
2 2 11. Make refunds to participants upon the  
2 3 termination of participation agreements and partial  
~~2 4 nonqualified distributions to participants~~ pursuant to  
2 5 the provisions, limitations, and restrictions set  
2 6 forth in this chapter.  
2 7 12. Invest moneys from ~~the endowment fund and the~~  
2 8 program fund in any investments which are determined  
2 9 by the treasurer of state to be appropriate.  
2 10 Sec. \_\_\_\_\_. Section 12D.3, subsections 2 and 3, Code  
2 11 2003, are amended to read as follows:  
2 12 2. Beneficiaries designated in participation  
2 13 agreements may be designated ~~from date of birth up to,~~  
~~2 14 but not including, their eighteenth birthday at any~~  
~~2 15 age. A substitute beneficiary may be older than age~~  
~~2 16 eighteen provided that the substitute beneficiary is~~  
~~2 17 not older than the original beneficiary.~~  
2 18 3. ~~A participant's account balance shall be~~  
~~2 19 refunded to the participant, less endowment fund~~  
~~2 20 earnings, and less a refund penalty levied by the~~  
~~2 21 trust against account balance earnings, if any, in the~~  
~~2 22 event an account balance remains in the account for a~~  
~~2 23 thirty-day period following the beneficiary's~~  
~~2 24 thirtieth birthday.~~



2 25 Sec. \_\_\_\_\_. Section 12D.4, Code 2003, is amended by  
2 26 striking the section and inserting in lieu thereof the  
2 27 following:  
2 28 12D.4 PROGRAM AND ADMINISTRATIVE FUNDS ==  
2 29 INVESTMENT AND PAYMENTS.  
2 30 1. The treasurer of state shall segregate moneys  
2 31 received by the trust into two funds: the program  
2 32 fund and the administrative fund.  
2 33 2. All moneys paid by participants in connection  
2 34 with participation agreements shall be deposited as  
2 35 received into separate accounts within the program  
2 36 fund.  
2 37 3. Contributions to the trust made by participants  
2 38 may only be made in the form of cash.  
2 39 4. A participant or beneficiary shall not provide  
2 40 investment direction regarding program contributions  
2 41 or earnings held by the trust.  
2 42 5. Moneys accrued by participants in the program  
2 43 fund of the trust may be used for payments to any  
2 44 institution of higher education. Payments may be made  
2 45 to the institution, the participant, or the  
2 46 beneficiary.  
2 47 Sec. \_\_\_\_\_. Section 12D.5, Code 2003, is amended by  
2 48 striking the section and inserting in lieu thereof the  
2 49 following:  
2 50 12D.5 CANCELLATION OF AGREEMENTS.  
3 1 A participant may cancel a participation agreement  
3 2 at will. Upon cancellation of a participation  
3 3 agreement, a participant shall be entitled to the  
3 4 return of the participant's account balance.  
3 5 Sec. \_\_\_\_\_. Section 12D.6, subsection 3, Code 2003,  
3 6 are amended by striking the subsection.  
3 7 Sec. \_\_\_\_\_. Section 12D.9, subsection 1, paragraphs  
3 8 c, d, and e, Code 2003, are amended to read as  
3 9 follows:  
3 10 c. Pursuant to section 12D.4, subsection ~~1~~,  
3 11 ~~paragraph "b"~~ 2, a separate account is established for  
3 12 each beneficiary.  
3 13 d. Pursuant to section 12D.4, subsection ~~1~~,  
3 14 ~~paragraph "f"~~ 3, contributions may only be made in the  
3 15 form of cash.  
3 16 e. Pursuant to section 12D.4, subsection ~~1~~,  
3 17 ~~paragraph "g"~~ 4, a participant or beneficiary shall  
3 18 not provide investment direction regarding program  
3 19 contributions or earnings held by the trust.  
3 20 Sec. \_\_\_\_\_. Section 12D.9, subsection 1, paragraph  
3 21 f, Code 2003, is amended by striking the paragraph.  
3 22 Sec. \_\_\_\_\_. Section 12D.9, subsection 2, Code 2003,  
3 23 is amended to read as follows:  
3 24 2. State income tax treatment of the Iowa  
3 25 educational savings plan trust shall be as provided in  
3 26 section 422.7, subsections ~~32~~, ~~and 33~~, ~~and 34~~, ~~and~~  
3 27 ~~section 422.35, subsection 14~~.  
3 28 Sec. \_\_\_\_\_. Section 12D.10, subsection 1, Code 2003,  
3 29 is amended to read as follows:  
3 30 1. The assets of the trust, including the program  
3 31 fund ~~and the endowment fund~~, shall at all times be  
3 32 preserved, invested, and expended solely and only for  
3 33 the purposes of the trust and shall be held in trust  
3 34 for the participants and beneficiaries.  
3 35 Sec. \_\_\_\_\_. Section 422.7, subsection 34, Code 2003,  
3 36 is amended by striking the subsection.  
3 37 Sec. \_\_\_\_\_. Section 422.35, subsection 14, Code  
3 38 2003, is amended by striking the subsection.>  
3 39 #2. Page 43, by inserting after line 30 the  
3 40 following:  
3 41 <\_\_\_\_\_. The amendments to sections 12D.1, 12D.2,  
3 42 12D.3, 12D.4, 12D.5, 12D.6, 12D.9, 12D.10, 422.7, and  
3 43 422.35, which shall apply retroactively to January 1,  
3 44 2003, for tax years beginning on or after that date.>  
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3 48 MIKE CONNOLLY  
3 49 SF 458.215 80  
3 50 mg/sh